

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2019

Docket No. ACR2019

CHAIRMAN'S INFORMATION REQUEST NO. 12
AND NOTICE OF FILING UNDER SEAL

(February 7, 2020)

To clarify the basis of the Postal Service's service performance reporting in its FY 2019 Annual Compliance Report (ACR), filed December 27, 2019,¹ the Postal Service is requested to provide written responses to the following questions. Answers should be provided to the individual questions as soon as they are developed, but no later than February 14, 2020.

Package Services

1. Please refer to the Postal Service's discussion of Package Services in their 2019 ACR filing and the embedded table.² The table contains several cost segments that had notably higher cost increases for Media Mail/Library Mail than for the overall Package Services class.

¹ United States Postal Service FY 2019 Annual Compliance Report, December 27, 2019 (FY 2019 ACR).

² FY 2019 ACR at 32-33; Library Reference USPS-FY19-2, December 27, 2019, and Docket No. ACR2018, Library Reference USPS-FY18-2, December 28, 2018.

Media Mail/Library Mail	Total Volume Variable & Product Specific	C/S 3 Clerks and Mailhandlers	C/S 8 Vehicle Service Drivers	C/S 10 Rural Carriers	C/S 11 Custodial and Maintenance Services
2019 Cost	396,076,140	141,596,418	12,199,359	11,930,490	24,119,406
2018 Cost	359,531,102	126,398,120	9,288,277	9,851,606	19,308,183
Percent Change	10.16%	12.02%	31.34%	21.10%	24.92%
Package Services Overall					
2019 Cost	845,684,544	277,661,749	18,625,361	59,978,680	44,102,639
2018 Cost	803,303,664	261,347,719	15,812,962	53,928,074	39,302,708
Percent Change	5.28%	6.24%	17.79%	11.22%	12.21%

- a. Please explain why the total volume variable and product specific costs for Media Mail/Library Mail increased by a larger percentage than the total volume variable and product specific costs for the Package Service class.
- b. Please explain why each of the following cost segments had an above-average increase in cost for Media Mail/Library Mail in FY 2019:
 - i. C/S 3 Clerks and Mailhandlers
 - ii. C/S 8 Vehicle Service Drivers
 - iii. C/S 10 Rural Carriers
 - iv. C/S 11 Custodial and Maintenance Services

USPS Marketing Mail

2. In FY 2019, the passthrough for the sectional center facility (SCF) Marketing Parcels workshare discount went from 79.3 percent to 138.9 percent. FY 2019 ACR at 21. The Postal Service attributed this to the cost avoidance for the discount having declined 43 percent. *Id.* Please provide a narrative explaining the large decline in avoided cost for this worksharing offering. The narrative

should specifically address the relative differences in unit cost changes between SCF Marketing Parcels and NDC Marketing Parcels. Please provide supporting workpapers.

Costing

3. In Library Reference USPS-FY19-46, the Postal Service provided its Statistical Programs Policy Letters related to the new In-Office Cost System (IOCS) shape-based data collection procedures.³ Please provide any other Statistical Programs Policy Letters applicable to FY 2019.
4. In its response to Chairman's Information Request No. 6, the "Postal Service concluded that all sites must follow the discontinuance procedures set forth in Handbook PO-101."⁴ Please provide the most current United States Postal Service Handbook PO-101, *Postal Service-Operated Retail Facilities Discontinuance Guide*. If a new edition has not been published since the July 2011 version, please provide all updates or changes to its discontinuance procedures to date.⁵
5. The Postal Service provided FY 2019 workhours by Labor Distribution Code (LDC) in Library Reference USPS-FY19-7.⁶ Please provide any FY 2019 updates to the LDCs' described activities, any other updates to the LDC list, and the activity descriptions for any new LDCs added to the complete list of the LDC

³ Library Reference USPS-FY19-46, January 24, 2020, folder "ChIR 4 Q 9 IOCS," PDF files "SPLetterFY19#1.pdf," and "SPLetterFY10#2.pdf," provided with its Responses of the United States Postal Service to Questions 1-41 of Chairman's Information Request No. 4, question 9.b. (Response to CHIR No. 4).

⁴ Responses of the United States Postal Service to Questions 1-9 of Chairman's Information Request No. 6, January 31, 2020, question 2.

⁵ See Docket No. N2011-1, Library Reference USPS-LR-N2011-1/1, July 27, 2011, *United States Postal Service Handbook PO-101 Postal Service-Operated Retail Facilities Discontinuance Guide*, July 2011.

⁶ See Library Reference USPS-FY19-7, December 27, 2019, folder "USPS-FY19-7 Excel Workbooks," Excel file "LDC.Workhours.FY19.xlsx."

matrix of the National Workhour Reporting System the Postal Service provided in Docket No. R2006-1⁷ and in Docket No. ACR2017.⁸

6. Please provide the current number of CAG K and L Post Office Boxes.
7. Please refer to Docket No. ACR2018, response to Chairman's Information Request No. 6, question 28.⁹
 - a. Please provide the same table updated for FY 2019.
 - b. Please provide the number of full-time city carriers by office CAG group for FY 2019.
 - c. Please provide the number of part-time and transitional city carriers by office CAG group for FY 2019.
8. Please provide an Excel file that links each of the IOCS recoded finance numbers in the "F2" (finance number) and "NewFN" (updated finance number) variables to its actual finance number.¹⁰
9. Please confirm that where ZIP Code has been provided in the IOCS SAS dataset, it has not been recoded. If not confirmed, please provide an Excel file that links each ZIP Code with its actual ZIP Code.

⁷ See Docket No. R2006-1, Library Reference LR-L-55, May 3, 2006, folder "LR-L-55 electronic version (.doc & .excel)," subfolder "lr-l-55 part1," PDF file "_Labor Distribution Codes.pdf."

⁸ See Docket No. ACR2017, Responses of the United States Postal Service to Questions 1-16 of Chairman's Information Request No. 21, March 5, 2018, question 5 and Docket No. ACR2017, Library Reference USPS-FY17-46, March 5, 2018, folder "ChIR 21.Q.5.LDCs," PDF files "Handbook F-2, Appendix A LDCs.pdf," and "CDC 16 Guidelines.pdf."

⁹ See Docket No. ACR2018, Responses of the United States Postal Service to Questions 1-28 of Chairman's Information Request No. 6, February 8, 2019, question 28.

¹⁰ Library Reference USPS-FY19-37, December 27, 2019, PDF file "USPS-FY19-37.IOCS.pdf" at 13.

Service Performance

10. Please refer to the narrative provided by each of the seven Postal Service Areas.¹¹ For each Area, please provide the top five root cause point impacts for First-Class Mail Single-Piece Letters/Postcards, disaggregated by service standard. Please provide the data for each fiscal quarter and annually for FY 2019.
11. The Postal Service states that “[t]he number of CLTs [critically late trips] reported for FY 2019 increased from the number of CLTs reported for FY 2018 and FY 2017 due to increased scanning performance.”¹² Please elaborate on what is meant by increased scan performance (for instance, compared to prior years, is the Postal Service scanning more trucks, trips, transfer points, etc.) and how it affects the number of CLTs reported.

Competitive Domestic Products

12. Please see Attachment, filed under seal.
13. Please see Attachment, filed under seal.
14. Please see Attachment, filed under seal.

¹¹ Library Reference USPS-FY19-29, December 27, 2019, files “Southern Service Report FINAL.pdf” at 2; “Cap Metro Service report FINAL.pdf” at 1; “Eastern Service Report FINAL.pdf” at 2; “Great Lakes Service Report FINAL.pdf” at 1; “NEA Service Report FINAL.pdf” at 2; “Pacific Service Report FINAL.pdf” at 6-9; “Western Service Report FINAL.pdf” at 1-4.

¹² Response to CHIR No. 4, question 30.c.

Competitive International Products

15. Please see Attachment, filed under seal.

By the Chairman.

Robert G. Taub